

**MINUTES OF THE
RETIREMENT AND INDEPENDENT ENTITIES COMMITTEE**
Wednesday, May 18, 2011 – 8:00 a.m. – Room 20 House Building

Members Present:

Sen. Daniel R. Liljenquist, Senate Chair
Rep. Don L. Ipson, House Chair
Sen. Karen Mayne
Sen. Stuart C. Reid
Sen. Daniel W. Thatcher
Rep. Bradley M. Daw
Rep. Susan Duckworth
Rep. Gage H. Froerer
Rep. Lynn N. Hemingway
Rep. Bradley G. Last
Rep. Mark A. Wheatley

Members Absent:

Sen. Curtis S. Bramble
Sen. Luz Robles
Rep. Wayne A. Harper
Rep. Merlynn T. Newbold

Staff Present:

Mr. Benjamin N. Christensen, Policy Analyst
Ms. Shannon C. Halverson, Associate General Counsel
Ms. Catherine J. Dupont, Associate General Counsel
Ms. Debra Hale, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Call to Order

Chair Ipson called the meeting to order at 8:03 a.m. Rep. Harper was excused from attending the meeting.

MOTION: Sen. Liljenquist moved to approve the minutes of the October 20, 2010 meeting. The motion passed unanimously.

2. Public Employees Health Program (PEHP) Audit Recommendations Follow-up

Mr. Daniel D. Andersen, Legal Counsel, Utah Retirement Systems (URS), and Mr. John Borer, Chief Actuary, PEHP, gave an overview on how URS will be implementing the audit recommendations that were released by the Office of Legislative Auditor General (LAG), as noted in the handout, "PEHP Update on "A Performance Audit of PEHP's Business Practices," Retirement and Independent Entities Committee, 5/18/11." They reported that PEHP:

- commissioned an in-depth cost containment study;
- appointed a new PEHP director to focus on containing the cost of claims;
- adjusted its physician fee schedule;
- negotiated additional discounts with Intermountain Health Care;
- renegotiated the out-of-state provider network;
- hired a managing purchasing agent;
- reduced deficits in local government risk pools;
- strengthened contract language to require groups to adhere to contracts;
- commissioned an actuarial study to determine the appropriate claim contingency reserve, to look at credibility blended external industry reinsurance, and to recommend stop-loss deductible levels; and
- plans to implement the prospectively quoted administrative expenses.

Mr. Andersen and Mr. Borer noted that the deficit of Salt Lake County, as reflected at the time of the audit, has now been eliminated. As of July 1, 2011, PEHP will take action in partnership with Salt Lake County to encourage consumerism and provide the best discounts available. Provo and Utah County, though still in a deficit, have reduced the deficit by half; and negotiations are under way to continue deficit reduction. Looking ahead to 2013, a strong reserve is the goal. Mr. Andersen explained that, as a health care reform required component, an outside medical reviewer will be in place by July 1.

Mr. Anderson and Mr. Borer responded to Committee members' questions regarding the recommendations and concerns of the deficits. Chet Loftis was introduced as the new Director of PEHP. Darin Underwood, CIA Audit Manager, LAG, commented on progress made since the release of the LAG audit recommendations.

3. Other Items / Adjourn

MOTION: Rep. Last moved to adjourn the meeting. The motion passed unanimously.

Chair Ipson adjourned the meeting at 8:44 a.m.